

# News

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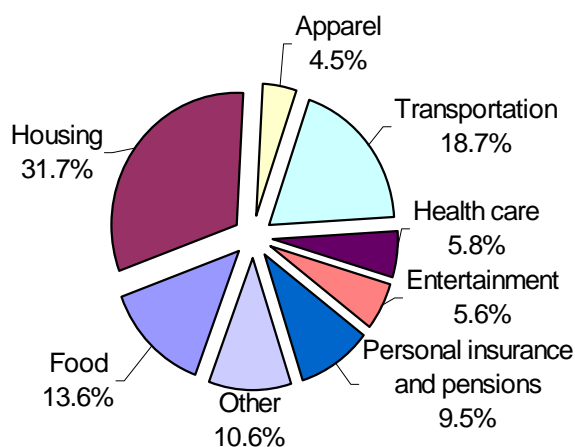
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## CONSUMER EXPENDITURES IN THE MIDWEST, 1998-1999

Consumer units<sup>1</sup> in the Midwest<sup>2</sup> spent an average of \$35,352 annually in 1998-99 similar to that spent nationally, according to the latest results from the Bureau of Labor Statistics' Consumer Expenditure Survey. Midwesterners spent nearly two-thirds of their dollars on housing, food, and transportation--about the same proportion as in the other three regions of the country, according to Regional Commissioner Bob Gaddie. A typical household in the Midwest reported income of \$41,447 before taxes, and was comprised of 2.5 persons and 1.4 wage earners. (See table 1.)

Chart A. Expenditure shares by consumer units in the Midwest, 1998-1999.



<sup>1</sup> See Technical Note at the end of this release for definition of consumer unit. For convenience, the term consumer unit is used interchangeably with the term household.

<sup>2</sup> The Midwest region is comprised of 12 states. A listing of states included in each of the four regions of the country is contained in the Technical Note.

## Expenditure shares in the Midwest

Housing, the largest component of a household's expenditures, accounted for 31.7 percent of the budget in the Midwest in 1998-99. Fifty-six percent of all spending on housing reflected expenditures for shelter, including expenses associated with owning, renting, and maintaining housing. A regional high 69 percent of all consumer units in the Midwest were homeowners. Outlays for utilities, fuels and public services accounted for slightly more than one-fifth of all housing expenditures with electricity, natural gas and telephone services comprising most of these costs.

Transportation was the second largest component of total spending, accounting for 18.7 percent of household expenditures, with 89 percent of Midwestern households owning or leasing at least one vehicle in 1998-99. Nearly half (46.6 percent) of every transportation dollar was spent on purchasing a vehicle. Expenditures on other categories associated with owning and operating a vehicle, such as gasoline and motor oil, repairs, insurance, and licensing charges, accounted for most of the remaining cost. Public transportation accounted for about five percent of a household's transportation expenditures in the Midwest.

Table A. Average annual expenditures and percent distribution of transportation costs for the United States and Midwest, 1998-99

Item	United States		Midwest	
	Expenditure	Percentage	Expenditure	Percentage
Total	\$6,815	100.0	\$6,617	100.0
Vehicle purchases (net outlay)	3,136	46.0	3,081	46.6
Gasoline and motor oil	1,036	15.2	1,036	15.7
Other vehicle expenses	2,230	32.7	2,159	32.6
Public Transportation	413	6.1	341	5.2

Among other expenditure categories, spending on food accounted for 13.6 percent of a household's budget, with 57 percent allocated to food purchases prepared at home. Payments for life and other personal insurance (except health) and contributions to pension plans and Social Security made up 9.5 percent of total spending, with the latter accounting for over four-fifths of the cost. Out of pocket spending on health care represented 5.8 percent of all expenditures; almost half of every health care dollar went for insurance. Apparel accounted for 4.5 percent of a Midwestern household's total expenditures, with 38 percent allocated to women's and girls' apparel and 27 percent to men's and boys'. A typical household in the Midwest spent 5.6 percent of its budget for entertainment, more than half of which went for fees and admissions, and to purchases of radios, televisions and sound equipment.

## **Expenditures across regions**

Average annual expenditures for households in the four regions of the country varied widely in 1998-99 ranging from \$33,135 in the South to \$40,647 in the West. The share of total expenditures within each of the major categories varied as well, though two, housing and transportation, accounted for more than half of all spending in each region. Households in the South and Midwest spent a smaller share of total expenditures on housing (31.1 and 31.7 percent, respectively) than did their counterparts in the West and Northeast (33.8 and 34.9 percent, respectively). In addition, Midwesterners and Southerners were more likely to own their own home (69 and 67 percent, respectively) than were those in the Northeast and West (62 and 59 percent, respectively).

Transportation expenditures accounted for a larger share of total household spending in the South than in the other regions. Southerners allocated 20.3 percent of all household expenditures for transportation costs compared to 18.7 percent in the Midwest, 18.3 percent in the West, and 17.1 percent in the Northeast. The distribution of transportation costs also varied by region with those in the Northeast spending the highest share on public transportation (and averaging the lowest number of vehicles per household at 1.7). Conversely, consumers in the South spent a larger percentage of their budget on both vehicle purchases and motor fuels than did those households in other regions of the country, while those in the Northeast had the smallest share.

Among the other major expenditure categories, there was generally little variation on a regional basis. For example, differences between the four regions' expenditure shares for food was less than 1 percentage point, varying from 13.1 percent in the West to 14.0 percent in the Northeast. However, in general, Southern and Midwestern consumer units had more similar spending patterns, while households in the Northeast and West were closer in their expenditure choices. Illustrative of this pairing, health care costs accounted for a slightly smaller share of the household budget in the Northwest and West (4.7 and 4.6 percent, respectively) than in the South and Midwest (5.9 and 5.8 percent, respectively).

## **Other available data**

National data are available in *Consumer Expenditures in 1999* (USDL-00-369), released December 21, 2000. Detailed tables are available online at <http://www.bls.gov/csxhome.htm>. Further information or assistance can be obtained by contacting the Kansas City Information Office at 816-426-2481 between 9:30 a.m. and 4:30 p.m. CT.

## **Technical Note**

The current Consumer Expenditure Survey program began in 1980. Its principal objective is to collect information on the buying habits of American consumers. The consumer expenditure data are used in a wide variety of research by government, business, labor, and academic analysts. The data are also required for periodic revision of the Consumer Price Index (CPI).

The survey consists of two components collected by the U.S. Bureau of the Census for BLS. The Diary survey, completed by participating consumer units for two consecutive 1-week periods, collects data on frequently purchased, smaller items. The Interview survey, in which the expenditures of consumer units are obtained in five interviews conducted every 3 months, collects expenditures on larger-cost items and those that occur on a regular basis. The data presented in this release are based on integrated data from both surveys.

Each component of the survey queries an independent sample of consumer units which is representative of the U.S. population. Over the year, about 7,500 consumer units are sampled for the Diary survey. The Interview sample is conducted on a rotating panel basis, with about 7,500 consumer units participating each quarter. The data are collected on an ongoing basis in 105 areas across the 4 regions of the country.

The integrated data from the BLS Diary and Interview surveys provide a complete accounting of consumer expenditures and income, which neither survey component alone is designed to do. Due to changes in the survey sample frame, area data in this release are not directly comparable to those prior to 1996-97.

The expenditure data in this release should be interpreted with care. The expenditures are averages for consumer units with the specified characteristics, regardless of whether or not a specific unit incurred an expense for that specific item during the recording period. The average expenditure may be considerably lower than the expenditure by those consumer units that purchased the item. This study is not intended as a comparative cost of living survey as neither the quantity nor the quality of goods and services has been held constant among the areas. Expenditure levels vary among areas not only because of economic factors such as the price of goods and services and family income, but also because of differences such as the age of the population, climate, consumer tastes, family size, etc. However, a comparison of expenditure shares (or the percentage of a consumer unit's budget spent on a particular item) is acceptable. Lastly, users should keep in mind that prices for many goods and services have risen since the survey was conducted.

The Consumer Expenditure Survey presents data for the four regions of the country—Northeast, South, Midwest, and West--as defined by the U. S. Bureau of the Census. The states comprising these regions are listed below.

The Northeast--Connecticut, Maine, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, and Vermont.

The Midwest--Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The South--Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and the District of Columbia.

The West--Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

## **Definitions**

**Consumer unit** A single person living alone or sharing a household with others but who is financially independent; members of a household related by blood, marriage, adoption, or other legal arrangement; or two or more persons living together who share responsibility for at least 2 out of 3 major types of expenses - food, housing, and other expenses. The terms household and consumer unit are used interchangeably for convenience.

**Complete income reporter** In general, a consumer unit that provides values for at least one of the major sources of its income such as wages and salaries, self employment income, or Social Security income. Even complete income reporters may not have provided a full accounting of all income from all sources.

Table 1. Consumer unit characteristics and percent distribution of expenditures, U.S. average and region of residence, Consumer Expenditure Survey, 1998-99

Item	United States Average	Northeast	Midwest	South	West
Consumer unit characteristics:					
Income before taxes <sup>1/</sup>	\$42,770	\$46,809	\$41,447	\$39,371	\$45,736
Age of reference person	47.8	49.0	48.2	47.6	46.5
Average number in consumer unit:					
Persons	2.5	2.5	2.5	2.5	2.6
Children under 18	.7	.6	.7	.7	.7
Persons 65 and over	.3	.3	.3	.3	.3
Earners	1.3	1.3	1.4	1.3	1.4
Vehicles	1.9	1.7	2.1	1.9	2.0
Percent homeowner	65	62	69	67	59
Average annual expenditures	\$36,251	\$37,950	\$35,352	\$33,135	\$40,647
Total (percent)	100.0	100.0	100.0	100.0	100.0
Food	13.6	14.0	13.6	13.7	13.1
Alcoholic beverages	0.9	1.0	0.9	0.8	0.9
Housing	32.7	34.9	31.7	31.1	33.8
Apparel & services	4.7	4.8	4.5	4.9	4.6
Transportation	18.8	17.1	18.7	20.3	18.3
Health care	5.3	4.7	5.8	5.9	4.6
Entertainment	5.1	4.8	5.6	4.8	5.3
Personal care products & services	1.1	1.1	1.1	1.2	1.1
Reading	0.4	0.5	0.5	0.4	0.4
Education	1.7	2.3	1.6	1.3	1.7
Tobacco products & smoking supplies	0.8	0.8	0.9	0.9	0.5
Miscellaneous	2.4	2.3	2.4	2.3	2.6
Cash contributions	3.2	2.6	3.2	3.4	3.3
Personal insurance & pensions	9.4	9.1	9.5	9.2	9.8

<sup>1/</sup> Components of income and taxes are derived from "complete income reporters" only; see definitions.

Table 2. Average annual expenditures, U.S. average and region of residence, Consumer Expenditure Survey, 1998-99

Item	United States Average	Northeast	Midwest	South	West
Average annual expenditures	\$36,251	\$37,950	\$35,352	\$33,135	\$40,647
Food	4,921	5,314	4,802	4,533	5,312
Food at home	2,848	3,001	2,733	2,660	3,132
Food away from home	2,073	2,313	2,069	1,873	2,180
Alcoholic beverages	313	368	304	253	372
Housing	11,843	13,229	11,195	10,303	13,756
Shelter	6,849	8,150	6,269	5,467	8,515
Utilities, fuels & services	2,391	2,457	2,401	2,482	2,179
Household operations	606	581	542	553	781
Housekeeping supplies	490	474	508	473	513
Household furnishings and equipment	1,506	1,567	1,475	1,328	1,768
Apparel & services	1,708	1,831	1,607	1,610	1,863
Transportation	6,815	6,503	6,617	6,738	7,423
Vehicle purchase (net outlay)	3,136	2,761	3,081	3,354	3,180
Gasoline & motor oil	1,036	901	1,036	1,052	1,129
Other vehicle expenses	2,230	2,266	2,159	2,033	2,585
Public Transportation	413	575	341	298	530
Health care	1,931	1,788	2,048	1,971	1,869
Entertainment	1,844	1,821	1,984	1,574	2,139
Personal care products & services	405	399	385	393	449
Reading	160	198	168	121	181
Education	607	877	583	431	676
Tobacco products & smoking supplies	287	309	331	288	217
Miscellaneous	864	857	855	750	1,058
Cash contributions	1,145	994	1,120	1,122	1,342
Personal insurance & pensions	3,409	3,461	3,355	3,048	3,990
Life & other personal insurance	396	424	387	414	355
Pensions & Social Security	3,012	3,037	2,968	2,635	3,636